

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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FIRST SET OF INTERROGATORIES OF  
MAGAZINE PUBLISHERS OF AMERICA  
TO USPS WITNESS SCHENK  
(MPA/USPS-T27-1-8)

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(September 17, 1997)

Pursuant to the Commission's Rules of Practice, Magazine Publishers of America hereby submits the attached interrogatories to USPS witness Schenk (MPA/USPS-T27-1-8).

Respectfully submitted,

  
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**INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA  
TO UNITED STATES POSTAL SERVICE WITNESS SCHENK**

**MPA/USPS-T27-1.** Please refer to Page 13 of your testimony where you state, “[i]f there is migration of BRMAS-qualified volumes to PRM, the BRMAS coverage factor would change, which would affect the cost of BRMAS-qualified BRM. According to witness Fronk’s testimony, 66 percent of BRMAS-qualified volume is projected to migrate to PRM. Multiplying the volume of BRMAS-qualified mail counted and rated in the BRMAS operation by 34 percent, determining the percentage of all BRMAS qualified mail, and weighting across strata by total BRMAS-qualified volume (after 66 percent has migrated to PRM), the resulting BRMAS coverage factor after this migration is 5.87 percent.”

- a. Please provide all underlying data and calculations used to derive the “resulting BRMAS coverage factor after this migration is 5.87 percent.” If you use a spreadsheet in the calculations, please also provide the data and calculations in electronic form.
- b. Please confirm, ceteris parabis, that if (1) 66 percent of BRMAS-qualified BRM that is counted and rated in the BRMAS operation migrates to PRM, and (2) 66 percent of BRMAS-qualified BRM that is not counted and rated in the BRMAS operation migrates to PRM, then the BRMAS coverage factor will remain at 14.24 percent.

**MPA/USPS-T27-2.** Please refer to Exhibit USPS-27A and Exhibit USPS-27C.

- a. Please confirm that Exhibit USPS-27A shows that after the incoming primary sort, there are three alternative sorting options for BRMAS mail: (1) BRMAS Operation, (2) Other Barcode Sorter, and (3) Manual Sort.
- b. Please confirm that the weighted cost per piece of \$.0785 shown in Exhibit USPS-27C is a weighted average of (1) the cost for BRMAS mail sorted in the BRMAS operation and (2) the cost for manually sorted BRMAS mail.
- c. If subpart b is confirmed, please explain why the weighted cost per piece is not a weighted average of (1) the cost for BRMAS mail sorted in the BRMAS operation, (2) the cost for manually sorted BRMAS mail, and (3) the cost for BRMAS mail sorted on another Barcode Sorter.
- d. If subpart b is confirmed, please explain fully why you assumed that all BRMAS mail that is not counted and rated in the BRMAS operation is manually sorted.
- e. Please confirm that the Weighted Cost Per Piece [14] on Exhibit USPS-27C is actually equal to  $([1]*([11]+[12])) + ([13]*(1-[1]))$ , not  $([1]*([11]+[12])) + ([13]*(1-[2]))$  as is stated on Exhibit USPS-27C.

**MPA/USPS-T27-3.** Please refer to Table LR-H-179, Table 13 and Exhibit USPS-27A

- a. Please confirm that Table 13 shows that 19.3 percent of “2 cent” volume was counted using “EOR counts from Barcode Sorter ”
- b. If subpart a is confirmed, does this imply that 19.3 percent of “2 cent” pieces were sorted on “Other Barcode Sorter Operations.” If not confirmed, please explain fully.
- c. What is the direct and indirect cost of a “2 cent” piece that is sorted on an “Other Barcode Sorter Operation”?
- d. Are all “2 cent” pieces, which were counted by “Weighing of identical pieces,” “Special Counting Machines,” and “Bulk Weighing,” sorted manually? Please explain.
- e. If subpart d is not confirmed, what percentage of “2 cent” pieces that are counted by “Weighing of identical pieces,” “Bulk Weighing,” and “Special Counting Machines” are sorted manually? What percent are sorted in automated operations?

**MPA/USPS-T27-4.** Please refer to Exhibit USPS-27C.

- a. Please confirm that the marginal processing and Postage Due Unit cost per piece for BRMAS-qualified BRM that is counted and rated in the BRMAS operation is 1.04 cents.
- b. Please confirm that BRMAS-qualified BRM that is counted and rated in the BRMAS operation avoids the 2 31 cent cost for an incoming secondary sort for automation compatible First-Class Mail pieces.
- c. Please confirm that the marginal cost for BRMAS-qualified BRM that is counted and rated in the BRMAS operation is less than the cost for Prepaid Reply Mail that does not avoid the incoming secondary sort. If not confirmed, please explain fully.
- d. Please confirm that when a piece of BRMAS-qualified BRM that is counted and rated in the BRMAS operation migrates to PRM, the cost to the Postal Service increases. If not confirmed, please explain fully.

**MPA/USPS-T27-5.** Please refer to Page 13, Lines 4 though 14.

- a. Please confirm that the “PRM service would be advantageous for some high-volume BRM recipients.”
- b. Please confirm that the BRMAS coverage factor is higher for “high volume BRM recipients” than for low volume BRM recipients.

- c. Please confirm that a higher percentage of BRMAS-qualified BRM that is counted and rated in the BRMAS operation than of BRMAS-qualified mail that is not counted and rated in the BRMAS operation will migrate to PRM.
- d. What percentage of BRMAS-qualified mail that the Postal Service estimates will migrate to PRM was counted and rated on a BRMAS operation?
- e. Ceteris parabis, do you think that the BRMAS coverage factor would decrease if the volume of BRMAS-qualified BRM decreases? If no, please explain fully.
- f. Please confirm that charging a 6 cent fee for BRMAS-qualified BRM will drive low-cost BRM that is counted and rated in the BRMAS operation to more expensive PRM.
- g. Please explain why the Postal Service is proposing a 200 percent increase in the BRMAS-qualified BRM fee in light of the fact that BRMAS-qualified BRM that is counted in the BRMAS operation is very low cost mail.

**MPA/USPS-T27-6.** Please refer to Page 12, Line 15 to Page 13, Line 1. Please explain in as much detail as possible why only 14 percent of BRMAS-qualified BRM is counted and rated in the BRMAS operation

**MPA/USPS-T27-7.** Please refer to Page 4, Lines 14 and 15 where it states, “[t]hese pieces [BRMAS-Qualified BRM Pieces] avoid the Incoming Secondary distribution that other FCM pieces receive.”

- a. Please confirm that BRMAS-qualified BRM pieces which receive caller service, avoid delivery costs as well as the cost for an incoming secondary sort?
- b. What percentage of BRMAS-qualified BRM pieces receive caller service?
- c. What is the unit attributable cost for caller service?
- d. What is the unit attributable cost for First-Class Mail city delivery?
- e. What is the unit attributable cost for First-Class Mail rural delivery?

**MPA/USPS-T27-8.** Please refer to LR-H-179, Table 13 which shows the source of final BRM piece counts for “two cent mail.”

- a. Please confirm that the data collected in the BRM Counting/Billing survey in LR-H-179 were used to derive Table 13.

- b Please confirm that the survey used to derive Table 13 collects the percentage breakdown of counts by source (e.g., BRMAS operation, EOR counts).
- c Please confirm that the survey used to derive Table 13 does not collect volume information.
- d Please explain fully how you derived Table 13 from the survey information and show all calculations.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
James R. Cregan

Washington, D.C.  
September 17, 1997